

SECRET

COPY NO. 59

OCI NO. 0419/62

1 June 1962

CURRENT INTELLIGENCE WEEKLY SUMMARY

ARMY review(s)
completed.

State Dept. review completed

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

SECRET

25X1

25X1

GROUP 1
Excluded from automatic downgrading
and declassificationRECORDS CENTER
IMMEDIATELY AFTER USE
JOB 29-921 BOX 36
228522/1

Page Denied

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

1 June 1962

T H E W E E K I N B R I E F
(Information as of 1200 EDT 31 May)**LAOS Page 1**

Coalition talks are scheduled to begin at the Plaine des Jarres on 8 June; it is unlikely, however, that a settlement will be achieved before Souvanna's "deadline" of 15 June. Antigovernment forces continue active near Ban Houei Sai in the north and the towns of Attopeu and Saravane in the south. [REDACTED]

ALGERIA Page 3

The OAS is resorting to scorched-earth tactics in Algiers and Oran and to attacks on Moslem members of the Force Locale, in addition to killings of individual Moslems. This situation, as well as the failure of the mixed civilian-military tribunal to impose a death sentence on Salan, is probably making it more difficult for premier Ben Khedda and other moderates of the provisional Algerian government to maintain their leadership and to cooperate with France. [REDACTED]

SOVIET FOREIGN POLICY DEVELOPMENTS Page 5

Khrushchev has again voiced the critical assessment of Western policy on major East-West issues which has characterized Soviet comment during the past month. In his 25 May report to the Soviet people on his recent mission to Bulgaria, he charged that the West is showing "intractability" and is unwilling to agree to a peaceful settlement of such problems as a German peace treaty, Berlin, disarmament, and nuclear testing. However, he avoided threats and polemics in his speech, and Soviet propaganda in general over the past week has confined itself to accusing West Germany of attempting to upset the "modest progress" made during the US-Soviet talks on Berlin and Germany. At the Geneva disarmament conference, Soviet delegate Zorin's sudden renunciation on 28 May of a declaration condemning war propaganda which he had drafted the previous week with Ambassador Dean probably was intended as a further sign of Moscow's displeasure with Western positions on broader East-West issues. [REDACTED]

SOVIET MILITARY DOCTRINE Page 8

Recent authoritative articles in the Soviet press have given additional insight into current Soviet strategic and tactical military doctrine. One new doctrine states that the opening phase of a nuclear war may be decisive and carries the implication that at least the attainment of a pre-emptive nuclear strike capability now has become Soviet policy. The other involves the effect of new tactical weapons of mass destruction on the size of the armed forces; Soviet doctrine states that mass armies and operations by all arms will be needed. [REDACTED]

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

1 June 1962

SOVIET-YUGOSLAV RELATIONS Page 10

The Yugoslav announcement on 28 May that Tito has been invited to visit the USSR climaxed a rapid series of developments in Soviet-Yugoslav relations occurring since Gromyko's April visit to Belgrade. Despite the continued existence of doctrinal differences, the Soviet invitation to Tito reflects an apparent decision by Khrushchev to attempt a rapprochement like that achieved in Soviet-Yugoslav relations during the period 1955-57. Belgrade's handling of the publicity on the new Soviet-Yugoslav contacts appears designed to mitigate an expected negative Western reaction.

CONGO Page 12

The Adoula-Tshombé talks are continuing, but in an atmosphere of mutual distrust. Although some progress has been made on procedural matters and Tshombé has agreed in principle to the integration of provincial military forces into the Congolese Army, there is little optimism in Leopoldville concerning the outcome of the talks. Adoula is concerned over possible action by the Katangan delegation to bring about his overthrow as premier. A large number of anonymous pamphlets criticizing Adoula and urging that Tshombé become premier have appeared in Leopoldville.

PERU'S PRESIDENTIAL ELECTION Page 13

In the Peruvian elections scheduled for 10 June, Victor Raul Haya de la Torre is the presidential candidate of Peru's largest party, the reformist, anti-Communist APRA. Military leaders, long antagonistic to Haya, have threatened since March to intervene if he wins and during the past week have taken control of the country's electoral machinery. They evidently plan to install Fernando Belaunde Terry, who is anti-US and has some Communist support.

CHINESE REFUGEE FLOW TO HONG KONG EBBS Page 15

The flow of illegal entrants into Hong Kong from South China has returned to normal, and British authorities are confident that the crisis along the border is over. Some 60,000 or 70,000 tried to enter Hong Kong in the last month despite efforts to turn back as many refugees as possible, and an estimated 10,000 managed to run the police blockade.

SINO-SOVIET TRADE IN 1961 Page 17

Official figures on Sino-Soviet trade for 1961 show that total trade was down 45 percent from 1960 and 55 percent from the peak level in 1959. Imports were at a record low, and the amount of machinery and equipment, spare parts, replacements, and military items received must have been so small that it is affecting not only construction work at former Soviet aid projects but current industrial and military production as well. Chinese exports to the

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****1 June 1962**

USSR were also down sharply, confirming that domestic resources have been stretched to the extreme. Peiping, however, apparently made its scheduled annual repayment on a long-term loan incurred in the mid-1950s. [REDACTED]

25X1

SOVIET-INDIAN MILITARY AID NEGOTIATIONS Page 19

The current negotiations between the USSR and India regarding the supply of Soviet MIG-21 jet fighters underscore Moscow's desire to strengthen its ties with New Delhi through the conclusion of a major military aid agreement. During the most recent talks in Moscow, the USSR apparently also offered to assist India with the development of its air defense system, implying a readiness to provide at least radar and possibly even surface-to-air missiles. The USSR reportedly is also willing to allow India to produce the MIG-21 domestically--presumably on an assembly basis--marking a new development in Moscow's arms aid program in the underdeveloped countries. [REDACTED]

25X1

25X1

GROWING PARLIAMENTARY RESTIVENESS IN FRANCE Page 21

National Assembly opposition to De Gaulle is becoming more evident as the Algerian situation permits the deputies to criticize more freely his encroachments on parliamentary prerogatives. If the government indicates before the current parliamentary session ends in late July that it is preparing to undercut the assembly with another referendum, the deputies will probably call a censure vote on an issue where the government is vulnerable. Defeat on such a vote would almost certainly lead De Gaulle to dissolve the assembly. [REDACTED]

25X1

ITALY Page 22

Premier Fanfani's left-center government faces two important tests during the next few weeks. It is seeking action on the nationalization of electric power--a measure which the Socialists made a condition of their parliamentary support but which is opposed by the right-wing minority in Fanfani's own Christian Democratic party. Moreover, local elections will be held on 10 June in areas where, Fanfani fears, right-wing Christian Democrats may "knife" the party ticket to make the left-center government look unpopular. [REDACTED]

25X1

25X1

SECRET

iii

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

1 June 1962

UN GENERAL ASSEMBLY RECONVENING Page 24

The 16th UN General Assembly resumes its session on 7 June to discuss Ruanda-Urundi. It may call for the withdrawal of all Belgian troops before the 1 July independence date, despite warnings from U Thant that the UN is in no position to maintain law and order there in Belgium's place. Afro-Asian elements will also attempt to have the General Assembly call for the abrogation of the 1961 Southern Rhodesian constitution on the grounds that it does not provide adequate representation for Africans in the parliament. [REDACTED]

CAMBODIA Page 25

Prince Sihanouk has overwhelming popular support, and his mass political party, the Sangkum, will be virtually unopposed in legislative elections on 10 June. In order to forestall the development of any effective opposition, the Cambodian Government recently cracked down on the local Communist party. Sihanouk continues to express concern over developments in Laos and South Vietnam. [REDACTED]

25X1

SPECIAL ARTICLES**PROBLEMS OF AN INDEPENDENT ALGERIA Page 1**

Paris now plans to turn over power to an independent Algerian government in a matter of days following the self-determination referendum scheduled for 1 July. This government, probably composed of men long absent from Algeria, will be confronted with a virtually paralyzed administrative structure, a faltering economy, and the likelihood of an early power struggle among its members. It is likely to be under pressure for radical economic reforms, and it may seek to demonstrate a foreign policy of nonalignment by accepting bloc economic aid and diplomatic relations with Communist countries. [REDACTED]

25X1

PEASANT LEAGUES IN NORTHEASTERN BRAZIL Page 5

Peasant leagues, founded in the mid-1950s by Communist and Socialist leaders to agitate for rural reforms, exist in many parts of Brazil's impoverished northeast. Tensions in this area have been heightened by rapid rises in food prices over the past several months. Francisco Juliao, the most widely known league leader, has recently begun cooperating with Brazil's dissident Communist party, which is pro-Peiping and advocates revolutionary violence. Peasant unrest is likely to play a significant role in Brazil's congressional and state elections next October. [REDACTED]

SECRET

Page Denied

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

WEEKLY REVIEW

LAOS

Chances for a coalition settlement in Laos are not bright as the princes once more prepare for personal negotiations. The talks--tentatively slated to begin on 8 June at the Plaine des Jarres--will center on the assignment of cabinet posts to the contending factions.

Boun Oum--who only reluctantly agreed to let Souvanna hold the ministries of defense and interior--has indicated that his faction will insist that strong anti-Communists be included in any "neutralist" center group. Souphannouvong, for his part, probably feels that his bargaining position has been substantially improved as a result of his recent military gains in northwest Laos and will very likely press for predominantly pro - Pathet Lao representation. He might additionally demand the withdrawal of SEATO forces from Thailand prior to any political settlement.

Souvanna has lent an added air of urgency to the forthcoming talks by his threat to withdraw from the political scene should the princes fail to achieve a satisfactory settlement by 15 June.

Government forces still control the strategic border

town of Bai Houei Sai after having been sharply rebuffed in an attempt to expand the defense perimeter around the town during the past week. Enemy patrols, probably North Vietnamese and numbering between 100 and 150, are reported to be active near the town; as yet, however, they have made no move to capture it.

Although the Soviet Union continues to profess an interest in the formation of a coalition government, indications are that Moscow has no interest in using its influence to bring about this result. In a report to the Soviet people on his recent visit to Bulgaria, Khrushchev on 25 May reaffirmed the USSR's commitment to the formation of a coalition government and to the Vienna agreement with President Kennedy on the creation of a neutral and independent Laos. Despite constant reiteration of this standard formulation, however, Soviet spokesmen are strongly implying that in their view the formula for a settlement worked out at Geneva and among the three princes is no longer acceptable.

Khrushchev devoted the major part of his remarks on international affairs to the Laos problem in an effort to develop a case that the US is not really interested in the formation of a government of

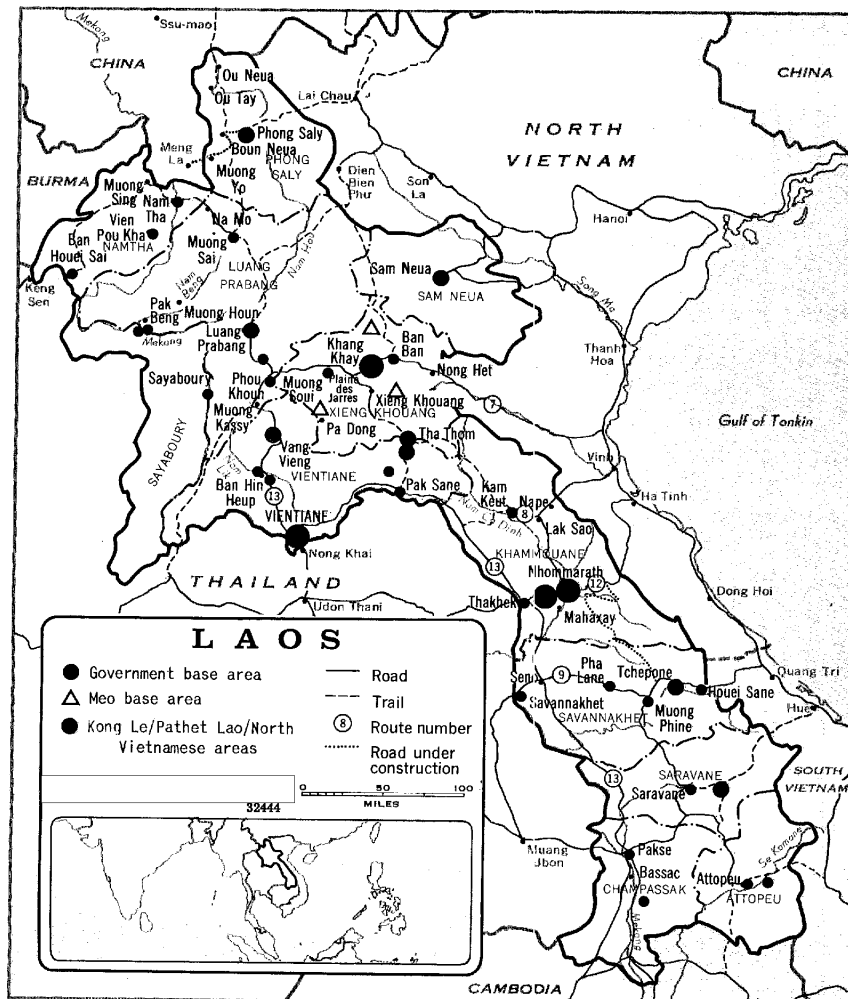
SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

national union headed by Souvanna Phouma. He denied bloc responsibility for the recent sharpening of the Laotian crisis and accused the Vientiane government, with American support, of "sabotaging a peaceful settlement. Khrushchev charged that the "provocation by Laotian reactionaries" at Nam Tha was part of a far-reaching plan to expand the Laos conflict, and

thereby to provide the US with a pretext to "interfere more actively" in Laos. He repeated earlier statements that the deployment of US forces in Thailand will seriously impede a settlement.

TASS followed up Khrushchev's remarks by repeating on 26 May --as have Hanoi and Peiping--

**SECRET**

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

Pathet Lao leader Khamthay Siphadone's statement that US and "allied" troops must be withdrawn from Laos and Thailand in order to create favorable conditions for a peaceful settle-

ment. Soviet Deputy Foreign Minister Pushkin told the British ambassador in Moscow on 22 May that the Laotian situation had changed.

25X1

25X1

ALGERIA

The OAS is resorting to scorched-earth tactics in Algiers and Oran and attacks on Moslem members of the Force Locale, in addition to killings of individual Moslems. This situation, as well as the failure of the French military court to impose a death sentence on Salan, is probably making it more difficult for premier Ben Khedda and other moderates of the provisional Algerian government (PAG) to maintain their leadership and to cooperate with France.

The OAS reportedly realizes that it cannot long survive in an independent Algeria--which it can apparently no longer prevent. French High Commissioner Fouchet confirmed to the US consul general on 29 May reports that some OAS leaders are nego-

tiating with Algerian nationalists, presumably for guarantees that Europeans remaining in Algeria can form a legal opposition party. The PAG might be receptive to such an arrangement if it would halt terrorism, sabotage, and the flight of Europeans.

It is doubtful, however, that these OAS leaders can control the desperate young toughs who appear to be responsible for the present terrorism, and there are increasing indications that the bulk of the Europeans feel that OAS excesses have destroyed their future in Algeria.

Fouchet told Consul General Porter that it now is "very late" for any PAG-OAS understanding. He also talked frankly

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

about the attitude of the army, "which does not have its heart in a task for which it is unfitted." He said, however, that the army would at least prevent "wholesale destruction" by the OAS. He apparently takes seriously the threat by the OAS to destroy what it can in Algiers and Oran in the next few weeks.

The OAS has also directly challenged the French Government by announcing in a pirate broadcast of 25 May that all European youths 19 or older will be drafted into the OAS. Commander-in-Chief General Fourquet meanwhile has announced that the government's 16 May decision to draft six thousand 19-year-olds in Algiers and Oran will take effect 1 June.

The meeting of the Algerian National Revolutionary Council (CNRA) began on 26 May in Tripoli. The failure of the mixed civilian-military tribunal in France to pronounce the death penalty on Salan will strengthen the hand of the CNRA members already critical of the PAG for its acceptance of the Evian accords. They reportedly consider this action "traitorous" because of the close cooperation with France to which the accords commit an independent Algeria.

Reports indicate that although vice premier Ben Bella and his followers did not insist on including a revision of the PAG on the formal agenda for the meeting, they will nevertheless

press for either the removal of some members or an enlargement of the PAG.

The French Government is increasingly embarrassed over the political complications arising from the trails of OAS leaders. It has openly expressed dismay over the Salan verdict, and is apparently divided over whether to proceed immediately with the execution of ex-general Jouhaud, condemned to death by the same tribunal that tried Salan. The question has been referred to the Supreme Court of Appeals, which reportedly will not begin considering whether it is competent to review Jouhaud's sentence until 4 June. While Jouhaud's fate may depend on whether there is a noticeable diminution of OAS terrorism by that date, De Gaulle is reportedly determined that Jouhaud should be executed as an example. A French cabinet member told Ambassador Gavin privately on 27 May that fear was the decisive factor in the court's verdict on Salan, since the OAS had publicly threatened members of the tribunal and their families with reprisals if the death penalty was pronounced.

Salan's aide, Captain Ferrandi, has further complicated the situation for Paris by pre-trial statements that Premier Pompidou and another De Gaulle associate had once taken "bribes" from Salan for the French Algeria cause. De Gaulle's concern over these developments is shown by his reported decision to make another radio-TV address on 8 June.

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET FOREIGN POLICY DEVELOPMENTS**

Khrushchev, in his 25 May report to the Soviet people on his recent mission to Bulgaria, again voiced the critical assessment of Western policy on major East-West issues which has characterized Soviet comment during the past month. However, he avoided threats and polemics in his speech. He maintained that he would not repeat Moscow's position on all the major questions, as they had already been set forth extensively by the Soviet press and official spokesmen. He went on to include the USSR's standard indictment of Western policy, commenting that it reflected a failure to "understand the changes in the balance of power" which had taken place in the world. He charged any attempt by the US to base its policy on a "position of strength" was doomed to failure.

An Izvestia article of 24 May hit the same theme and maintained that the "grand strategy" now being formulated by the US was simply another means of stepping up the arms race. The Izvestia commentator accused West Germany of attempting to upset the "very modest progress" made during the US-Soviet talks on Berlin and Germany. A short TASS review of President Kennedy's 24 May news conference left the same impression by emphasizing the President's comment that the US was analyzing the West German proposals but had yet not agreed to Bonn's suggestions. East German commentary noted that the President apparently intended to continue the bilateral talks, "regardless of Bonn's wishes."

On 27 May a public lecturer in Moscow characterized the

talks as a "tremendous step ahead." However, he toned down this optimism by alluding to opposition in Paris and Bonn. The speaker pleaded ignorance as to the timing of the next discussions. He pointed out, nevertheless, that progress on certain issues had been made. Among these, he listed joint East and West German committees to discuss technical problems, "general declarations" of nonaggression between NATO and the Warsaw Pact powers, and the nontransfer of nuclear weapons. He attacked an alleged US suggestion that East Germany would act only as an agent in any international access authority for West Berlin and "ridiculed" the US position that acceptance of East Germany as a member of the access authority would not constitute either de jure or de facto recognition.

A 30 May Izvestia Observer article used the occasion of Secretary Rusk's recent Canberra speech to call into question the "real intention" of the US in continuing the bilateral talks on Berlin and Germany. The article attacked the Secretary's statement, which it alleged was directed against the "liquidation of the occupation regime" in West Berlin, and implicitly warned the US against the dangers of prolonging the talks indefinitely. Observer went on to restate the familiar Soviet position on the necessity to "normalize" the situation in Berlin and urged the US to make use of the bilateral discussions to find a "mutually acceptable solution."

The article attempted to heighten the sense of urgency

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

in reaching a settlement by emphasizing the consequences of a separate peace treaty for the Western powers. Observer concluded that if the West "still clings to an unreasonable and unrealistic" position there will be no alternative but to conclude a separate peace treaty with East Germany, and that "sufficiently clear warnings" have been served in this regard.

Berlin

The Soviets have continued their harassment of Allied military convoys using the autobahn following the lengthy delay on 23 May of a six-vehicle US convoy. General Solovyev's reply to the US protest over the incident attempted to argue that checkpoint procedures are essentially a Soviet affair and that "advance notification" from Allied convoys is an established and accepted procedure. In a discussion of the incident with the US Military Liaison Mission, General Ariko, chief of staff of Soviet Forces in East Germany, tried to dismiss the affair by laying the blame on the "undisciplined and erratic behavior" of various US convoy commanders. Ariko maintained that the Soviets had full responsibility for ensuring the expeditious movement of Western traffic along the autobahn and that such procedures as a "requirement" for advance notification provided the "most effective" means for clearing US convoys.

On 28 May a five-vehicle French convoy was delayed by the Soviets for nearly six hours on the grounds that ad-

vance notification had not been given. At the same time Soviet officials ordered French military personnel to dismount for a headcount by the checkpoint controllers. Following the convoy's release, General Ariko informed the French that such procedures were "normal" and must be observed. He issued a strong statement to the chief of the French Military Liaison Mission on the necessity for dismounting, in line with the Soviets' effort to press this issue along with their insistent demands for prior notification of the movement of Allied convoys.

Disarmament Conference

At the Geneva disarmament conference, the sudden action of Soviet chief delegate Zorin on 29 May in renouncing a declaration condemning war propaganda which he had drafted last week with Ambassador Dean probably was intended as a further sign of Moscow's displeasure with Western positions on broader East-West issues. Zorin--who received his new instructions only the day before--claimed that "events of the past few days" had obliged the USSR to change its position and cited the "occupation of Thailand" by US and other SEATO forces, the "atmosphere of military hysteria" in West Germany, and a recent demand by West German Defense Minister Strauss that the Bundeswehr be given nuclear weapons. Zorin demanded a series of amendments, including an obligation by signatory governments to enact legislation in their countries banning war propaganda--a measure known to be unacceptable to the US.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

On 24 May Zorin had indicated agreement to the draft declaration in a meeting with Dean, and the next day he told a session of the conference's "Committee of the Whole" that he was "satisfied" and termed the declaration a "step in the right direction." Soviet propaganda promptly welcomed the agreement. In his 25 May report on his visit to Bulgaria, however, Khrushchev denounced Western "intractability" and unwillingness to agree to a peaceful settlement of such problems as a German peace treaty, Berlin, disarmament, and nuclear testing. He also attacked the deployment of US forces in Thailand.

Although there is no indication that the USSR intends to withdraw from the disarmament conference at this time, the Soviet leaders probably hope that under present circumstances this demonstration of unwillingness to register agreement with the West on even the minor war propaganda issue will support recent efforts to inject a sense of greater urgency in settling other outstanding questions, particularly Berlin.

A Polish delegate told a Western delegate that the four satellite delegations were not informed of Zorin's changed instructions on the declaration against war propaganda until just before the 29 May meeting. The Polish official stated that Zorin had cleared the text with Gromyko and the Soviet Foreign Ministry but that the party central committee, "which was the governing organization," for reasons of its own had decided that it was "inadvisable" to have a public rapprochement with the US at this time, "presumably because of the stiffening character of the US replies on Berlin."

The eight nonaligned powers have been pressing for a conference recess and have suggested the period 15 June - 15 July. Zorin told Dean on 26 May that while his instructions were to continue the negotiations without a recess, he would seek new instructions if the nonaligned powers and the US favored a recess. He conveyed the impression of insisting that the US should express willingness to accept a recess before the Soviets finally reply. He emphasized that the USSR would take no initiative on the matter, but added, on a personal basis to Dean, that the suggested dates seemed acceptable.

Nuclear Testing

Khrushchev in his 25 May speech did not repeat his warning during his Bulgarian visit that current US testing will "force" the USSR to resume atmospheric tests. Moscow's reports of Soviet workers' meetings protesting the US tests in the Pacific stopped on 23 May. A member of the UAR delegation at Geneva told US delegates on 25 May that he "had the impression" from Soviet delegate Usachev that the USSR "might eventually be able to accept the concept of invitational inspections on a quota basis under which, if the control commission indicated a need to make an on-site inspection, an invitation would be forthcoming." At the 25 May test ban subcommittee meeting the USSR's Tsarapkin avoided direct answer to the UK delegate on a question intended to draw out the Soviet position on this point. Tsarapkin stated that it would be handled "later" during treaty-drafting work.

SECRET

25X1

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET MILITARY DOCTRINE**

Recent authoritative articles in the Soviet press have given additional insight into current Soviet strategic and tactical military doctrine. The May issue of the party journal Kommunist carries a discussion by Defense Minister Malinovsky which lays down two of the basic doctrines under which Soviet forces would expect to conduct World War III.

Two fundamental questions facing Soviet military planners have demanded revision of World War II military doctrine. One is the strategic problem of how to deal with a potential enemy whose main centers are beyond the reach of the ground forces and who has the capability to destroy, with little if any warning, any target in the USSR. The other is the problem of how the new tactical weapons of mass destruction possessed by both sides should affect the size of the Soviet Army.

Strategic Doctrine

There is ample evidence that the top leadership in Moscow, including Khrushchev, is fully aware of the enormous strategic strike power possessed by the United States. Khrushchev's policy of peaceful coexistence is in part a direct reflection of this recognition. Precluded by this policy from openly discussing the possibility of a deliberate attack on the West, Soviet military writers have concentrated on planning in the context of counter-attacking after the West's first strike. Evidently this context has not been satisfactory, however. Military theorists for several years have stressed the crucial importance of the early phase of an all-out nuclear war,

arguing obliquely that under certain circumstances the USSR should have the option of attacking first to mitigate the effects of a strike by the West.

The first suggestion that the pre-emptive strike, or at least the attainment of a capability for such a strike, was becoming Soviet military doctrine was contained in a speech by Malinovsky at the 22nd party congress in October 1961, in which he said: "Soviet military doctrine considers the following to be the most primary, the most important, and the main task of the armed forces: to be in constant preparedness to (effectively) repel a sudden attack by the enemy and to wreck his aggressive plans."

Recent articles have formulated the pre-emptive concept more clearly. A Red Star article of 11 May quoted the Malinovsky statement and explained that it meant: "We must continue with great determination to study and work out methods of (effectively) repelling a sudden nuclear attack by the aggressor as well as methods of wrecking his aggressive plans by means of dealing him a timely crushing blow."

In summarizing Malinovsky's current article in Kommunist, TASS said it was "the principal proposition" of Soviet military doctrine that the initial period of a war might be decisive. This is a veiled way of saying that Soviet doctrine now holds that surprise in a nuclear war is so important that if the USSR expects to be attacked, it must have the capability to launch a pre-emptive nuclear strike. This formulation, in

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

conjunction with the calls for readiness to deal the enemy a "timely blow" and to "wreck his aggressive plans," is about as far as Soviet public statements can go and still maintain the stance that the USSR will never initiate nuclear war.

Malinovsky's article was also intended to convey to Soviet readers the impression that the USSR has sufficient retaliatory strength to deter a US nuclear attack. The item makes the point that in a nuclear war no "preventive" or defensive measures the US can take will avert an "all-devastating" retaliatory blow against US economic, transport, military, and administrative centers.

This Soviet capability was said to be an answer to the "belligerent statements of Pentagon generals and some unrestrained congressmen," but it is primarily aimed at the President's statement in the Saturday Evening Post interview with Stewart Alsop on the conditions under which the US would use nuclear weapons first against the USSR. Soviet spokesmen have been extremely sensitive to speeches and articles in the US since last fall which have asserted American ability to devastate the USSR with a nuclear attack.

Tactical Doctrine

Concurrently with the debate over whether the USSR should adopt a pre-emptive attack policy, there has been a debate on the necessity for the USSR to retain mass armies in the age of nuclear/missile and other weapons of mass destruction. Soviet forces were cut back substantially after World War II, again in the middle and late 1950s, and following Khrushchev's widely publicized

troop reduction speech of 14 January 1960--in which he said, in contrast to the doctrine of pre-emption, that surprise attack with modern weapons did not give an "advantage for achieving victory." The latest of Khrushchev's troop-reduction programs was stopped before it was halfway to its goal--ostensibly because of the developing Berlin crisis, but almost certainly also because of the insistent arguments of military tacticians that mass armies were still needed.

Malinovsky's article in Kommunist reflects a settlement of the debate over the necessary size of the Soviet armed forces without disclosing specific data. It stated that Soviet military doctrine holds that "great as the role of nuclear and rocket weapons may be, it does not dispense with the need for the other means of armed struggle, for the existence of mass armies." The Red Star article reiterated this point: "Ultimate and decisive victory over the imperialist aggressor can be reached only as a result of the joint coordinated and decisive actions of all the armed forces and services. A rocket nuclear war will be waged by mass, multimillion-man armies."

This position fits in with what is known about the composition and training of Soviet ground forces in the European theater and the recent emphasis on the development of other Warsaw Pact armies. Following a massive strike by missile, rocket, and tactical air forces, large Soviet and satellite ground forces apparently would have the mission of destroying opposing troop remnants and driving westward for the ultimate occupation of all Europe.

25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

SOVIET-YUGOSLAV RELATIONS

The announcement on 28 May that Tito has been invited to visit the USSR climaxed a rapid series of developments in Soviet-Yugoslav relations since the visit of Soviet Foreign Minister Gromyko to Belgrade from 16 to 21 April. On 23 May, Belgrade announced the composition of a parliamentary delegation scheduled to go to Moscow on 18 June. On the same day, a Yugoslav Foreign Secretariat official privately told the US Embassy that Belgrade would soon send an economic delegation to Moscow to negotiate the restoration of about \$244 million in Soviet credits frozen in 1958. Current rumors in Belgrade, possibly based on leaks from the Foreign Secretariat, state that the titular head of state of the USSR, Leonid Brezhnev, will visit Belgrade in September or October. Yugoslav officials had informed the US Embassy prior to the Gromyko visit that negotiations for a visit by Brezhnev would soon take place.

The nature and timing of these announcements and leaks --all from Yugoslav rather than Soviet sources--suggest that Belgrade hopes to mitigate an expected negative Western reaction to the prospect of significantly closer Soviet-Yugoslav relations. A Yugoslav official, announcing the invitation to Tito, gave no date and said, "Nothing precisely has yet been agreed upon." His statement stressed that Tito would go for a vacation, not a state visit, and that he would go as President of Yugoslavia, not as head of the Yugoslav League of Communists.

25X1

The Yugoslavs described the Brezhnev visit as a long-deferred return trip for the one which Tito made in June 1956. Although Tito vacationed in the USSR three months later, the June trip was the last official visit before the Soviet-Yugoslav rapprochement drew to a close in 1957.

25X1

Yugoslav officials last week sought to represent the improvement in Belgrade-Moscow relations as stemming from Soviet rather than Yugoslav concessions. The Foreign Secretariat official in charge of relations with the USSR told the US Embassy that Moscow evidently now is prepared to accept good relations with Belgrade on terms compatible with complete Yugoslav independence; he noted that "this is what we have wanted all along." The official added that Belgrade welcomes an improvement of relations with the Soviet bloc in order to balance Belgrade's relations with Western and non-aligned states and thus reinforce Yugoslav neutrality.

The embassy does not believe that Belgrade would willingly give up its freedom of action in return for improved relations with Moscow. Tito spelled this out clearly in a speech at Split on 6 May when he said that, despite grave internal economic problems, the regime was not going to scrap its decentralization scheme. Statements last week that Belgrade is going ahead with plans to promulgate its new constitution, although ostensibly directed

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

at Western speculation of an economic retreat, are probably likewise intended to remind the bloc that Tito does not intend to modify his internal policies.

These policies, slowly evolved during the past decade, have been strongly attacked as "revisionist" by all members of the bloc and remain a major source of ideological differences between Belgrade and the Sino-Soviet bloc. Basic to bloc-Yugoslav differences on these and other questions, however, is Belgrade's refusal to be bound by any form of bloc discipline which would require subordination of Yugoslav interests, domestic or foreign, to those of the USSR and recognition of the USSR as the arbiter of Marxist-Leninist theory.

Despite the continued existence of doctrinal differences, the Soviet invitation to Tito reflects an apparent decision by Khrushchev to attempt to restore a degree of the rapprochement achieved in Soviet-Yugoslav relations during the prior 1955-1957--i.e., closer relationships at the top levels of leadership. For example, the Yugoslav parliamentary delegation is to be led by Petar Stambolic, head of the Federal People's Assembly and also a member of the party politburo. Five of the other 11 members of the delegation are also members either of the party's central committee or of the auditing commission.

The Soviet decision to improve relations with Yugo-

slavia signals an indifference on Khrushchev's part to a highly probably negative reaction from the Chinese Communist and the Albanian parties. In a sense, the continued intransigence of these two parties has freed Khrushchev to return to the policies which he began in 1955. He has probably concluded that he cannot effect an improvement in Sino-Soviet relations short of jettisoning most of his basic positions, and therefore a renewal of policies from which he was forced to retreat in 1957 will not basically change the existing situation.

That the new flirtation with Tito will require another difficult readjustment by the European satellites is reflected in the limited and noncommittal propaganda reaction which Khrushchev's moves have brought forth. Czechoslovakia and Hungary have released guarded commentaries on his Bulgarian visit, calling it a move which will bring peace and unity to the Balkans. They have not yet mentioned Yugoslavia by name, however. The only positive response has been that given by Bulgarian First Secretary Zhivkov, both during and after Khrushchev's trip.

Hungary, Rumania, and Poland have maintained good relations with Yugoslavia. Czechoslovakia, however, will face a serious problem, since any bloc rapprochement with Tito will mean a reversal of its present attitude toward Belgrade. East Germany will have less of a problem, since until several months ago its contacts with the Yugoslavs had been more or less correct.

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CONGO**

The Adoula-Tshombé talks in Leopoldville are continuing, but in an atmosphere of mutual distrust. In a joint communiqué issued on 25 May, the two delegations announced an agreed agenda. The communiqué also indicated that procedures suggested by the UN, mainly concerning the creation of various subcommittees, were acceptable to both sides.

A communiqué issued on 30 May announced "agreement" between Adoula and Tshombé concerning the integration, under UN supervision, of Katanga's 11,000-man army into the Congolese Army. Means of implementing such integration will be studied by a joint UN-Congolese-Katangan subcommittee, which will then report to the principals.

The announced agreement is consistent with Tshombé's efforts to maintain a conciliatory posture in the talks, and was favorably received by Adoula. It is uncertain, however, whether the subcommittee mechanism will permit effective pressure to be brought to bear on Tshombé. Although Tshombé agreed at Kitona last December to place his military forces under the authority of President Kasavubu, he subsequently has balked at any move which might diminish his control over Katangan forces.

Katanga's Foreign Minister Kimba, acting for Tshombé in the latter's absence from Elisabethville, has accused Adoula of wanting to sabotage the negotiations and warned that if he once again "rejects the fraternal hand" of Katanga, "it may be the last time." On 30 May, Kimba announced that "the Katangan people" will not accept any agreement reached at Leopoldville unless the Katangan delegation is permitted freedom of movement there.

Adoula continues doubtful concerning the value of the talks,

and suspicious of the mediation efforts of UN representative Robert Gardiner. In conversation with Ambassador Gullion, Adoula confirmed his concern over possible activity by the Katangan delegation to bring about his overthrow as premier. The 17-man Katangan delegation reportedly is well supplied with funds; Adoula advised Ambassador Gullion that he could not permit it "total liberty" in view of the "intrigues" it wished to conduct. The Katangans have protested the extent to which they have been confined to their hotel and kept under surveillance by the central government.

Adoula's concern over the activity of the Katangan delegation may have some justification. The US Consulate in Elisabethville reports that since Tshombé's return to Leopoldville, there has been considerable local speculation that he might succeed Adoula. Sources close to Tshombé have indicated that he might be "available" as premier of a united Congo, despite his oft-voiced expressions of distaste for Leopoldville politics. In late May, anonymous pamphlets which criticized Adoula and urged that Tshombé become premier appeared in Leopoldville in large numbers.

Adoula's prospects for obtaining outside military assistance in resolving the key problem of Katanga's secession appear to have diminished. The Liberian chargé told Ambassador Gullion in late May that Afro-Asian missions in Leopoldville supported a negotiated settlement and, in his opinion, did not contemplate aid to Adoula outside the UN framework. On 24 May, UN Under Secretary Bunche said U Thant maintains that without a new mandate from the Security Council, he could not initiate economic sanctions against Tshombé which might bring on new fighting.

25X1

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PERU'S PRESIDENTIAL ELECTION**

On 10 June, some 2,000,000 voters in Peru are expected to choose among the 1,441 candidates for every national elective office--president, two vice presidents, and the entire bicameral legislature. Party organizations, loose at best, center around the presidential candidates. The economic climate is good: prices have been stable and trade has been favorable for the past year, although a slowdown in investment has been noticed in the immediate pre-election period.

Three of the seven presidential candidates are major contenders. Victor Raul Haya de la Torre is the nominee of Peru's largest party, the reformist, anti-Communist APRA, which he founded 38 years ago. Originally thought to be an easy winner, Haya has in the past month seen his position seriously challenged by his two main competitors.

Fernando Belaunde Terry, head of the leftist Accion Popular, was a strong contender in the 1956 elections. He has attacked APRA as a tool of the US Government, hinting that the United States is intervening in the election by financing Haya's campaign. He has extolled the "benefits" of Castro's revolution and has generally taken an anti-US stand when discussing international affairs. Belaunde has courted the leftists throughout his political career and has 19 known Communists on his congressional lists.

Manuel Odria, who was dictator from 1948 to 1956, has campaigned largely on the memories of Peru's prosperity in those years when world demand for its exports was high. Odria and his main backers are basically conservative, but when dictator he used the Communists as foils in his dealings with non-Communist

elements and permitted the party to operate more or less openly. In this campaign he has sought the support of the leftists and has eight known Communists on his congressional list. He is in poor health and, if he withdraws from the race, he will attempt to pass his support to Belaunde.

The Communist party is illegal in Peru. It has about 7,000 members but up to 50,000 sympathizers. It tried but failed to weld a number of small extremist groups into a united front early in the campaign, and has now divided its support between Belaunde and Odria.

The APRA party (Alianza Popular Revolucionaria Americana) was founded in 1924 by Victor Raul Haya de la Torre. Intended to be international in scope, with a thorough radical socio-economic reform program for all "Indo-America" (Haya's term for Latin America), it survived as a political entity only in Peru. Revolutionary and leftist but never Communist, APRA was involved in many bloody clashes with the Peruvian Army during the 1920s and 1930s, and senior officers retain a deep hatred of the party. APRA was legalized early in 1945 and was influential in electing President Bustamante in that year. It was outlawed again in 1948 when Manuel Odria took over as dictator. Haya spent five years in asylum in the Colombian Embassy to escape the vengeance of Odria. With Odria's departure in 1956, APRA was again accorded legal status. It gained respectability by supporting the conservative Manuel Prado's successful presidential campaign in 1956, and has been his tacit congressional ally for the past six years.

All candidates have considered Haya their chief rival. Anti-APRA propaganda has followed two major themes. The oligarchy and its followers are told that APRA and Communism are synonymous, that an APRA government would expropriate land and wealth, and that election of Haya would be an invitation to economic chaos. The liberals and leftists are told that APRA is so pro-US that "Kennedy will govern Peru through Haya," that APRA promises of reform are fraudulent and expropriations would only line Aprista pockets, and that an APRA victory would lead to widespread unemployment and inflation.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

25X1

**HAYA****BELAUNDE****ODRIA**

Haya and APRA have lost much ground as a result of the claim by high military leaders that they and their men "will not serve" under an APRA government. The claim carries the implied threat of military intervention to deny Haya access to office if he should win the election.

During the past week the armed forces have gained full control of the electoral machinery. In their traditional role of overseeing the elections and the tabulation of the results, they now are in a position to falsify a victory by Belaunde without overt intervention.

The military's opposition stems from senior officers' memories of APRA's terrorist tactics in its early years--when many soldiers were killed or wounded in battles with APRA street gangs--and from the mistaken conviction that APRA is pro-Communist. Although hatred of Haya and APRA is not so strong among junior officers, anti-APRA indoctrination has been sufficiently effective to

make the threat of military intervention plausible and effective. APRA has tried to assure the military that it will not "tamper" with the armed forces' position in the state.

Nevertheless, both Odria and Belaunde have used the military threat as campaign propaganda, warning the electorate not to waste votes on a candidate who will not be permitted to serve. Both President Prado and War Minister Cuadra have made public statements to the effect that the military will not upset constitutional processes. The US ambassador has warned them that Washington will be unable to recognize a government forcibly replacing a duly elected anti-Communist regime. In private conversations with the US ambassador both Prado and Cuadra have stated, however, they can give no assurances that the armed forces will respect the elections if Haya wins. A victory by Belaunde--probably by fraudulent means--seems the more likely outcome at this time.

25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

CHINESE REFUGEE FLOW TO HONG KONG EBBS

Hong Kong authorities are confident that the refugee crisis is over. The Chinese Communists began actively patrolling their side of the border on 24 May, and the number of illegal entrants into the colony fell rapidly. No figures on the number of crossers apprehended have been issued since 23 May, but the British have closed their mass detention center at Fanling and relieved army units of border patrol duty.

The refugee influx into Hong Kong was accompanied by a rise in the number of Chinese entering neighboring Portuguese Macao. Figures on entrants there rose from 514 for the entire month of January to 700 a day by 21 May. Macao is now crowded with refugees hoping to make their way to Hong Kong; there is almost no hope of finding work in the Portuguese territory, and it does not have an adequate social welfare apparatus. Some of those wanting to leave China probably decided they would stand a better chance of reaching Hong Kong through the smuggling rings operating by junk owners out of Macao than by crossing directly over the land frontier from China. The reported Communist restrictions on travel within Kwangtung Province and the ban on the issuance of new exit permits to both Hong Kong and Macao should sharply cut emigration to Macao within the next few days, although the Communists may not try to stop those already on their way.

The Chinese Communist decision to halt the refugee flow was probably made primarily for domestic reasons, although it came after British representations in both Peiping and Canton. The size of the exodus--an estimated 60,000 or 70,000 tried to enter Hong Kong in the last month--must have seriously embarrassed Peiping. Farming operations in those areas which peasants left were certainly disrupted, and an influx of thousands of persons in the vicinity of the border must have severely strained normal administrative authority. Local party cadres, already depressed by criticism from the peasants and their superiors, were probably further demoralized by the mass desertions. It is possible that central authorities will dismiss at least some Kwangtung provincial party figures for allowing the situation to get out of hand.

The Chinese re-established emigration restrictions by stationing additional troops along the border and rounding up refugees, who were then sent north in trains and trucks. Political cadres also came into the area to attempt to persuade refugees to turn around; the Communists apparently tried to use a minimum of force. Heavy rainfall which began on 24 May undoubtedly helped the Chinese to close the border; the waters of the Shumchun River, which forms much of the frontier, rose rapidly. The Chinese have also moved to cut off the refugees at the

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

source; it now is said to be impossible in Canton to buy rail tickets for the border area.

Although the British turned back as many of the border crossers as they apprehended, some 15 to 25 percent got through. According to one informed estimate, Hong Kong's refugee population will rise by 100,000 this year, over twice the number estimated to have entered last year.

The British reaction to recent free-world offers to take some of Hong Kong's surplus population has been marked by concern over antagonizing Peiping and fear of stimulating increased immigration into the colony. While the British have welcomed the US offer to take more Hong Kong Chinese, officials are suspicious of Taipei's announced intention to take all refugees who desire to come. Hong Kong authorities suspect that the Chinese Nationalist offer is an empty gesture de-

signed to lead to negotiations from which Taipei would seek to extract maximum propaganda value. At the same time, because of the colony's pressing population problem, the British may be cautiously exploring the Nationalists' offer.

Chinese Nationalist Vice Foreign Minister Chu Fu-sung has confirmed that preparations are under way to receive an initial group of 10,000 refugees. There is some indication that the government intends to take considerably more, provided the United States pays most of the cost. It is unclear, however, what the Nationalists really intend. [REDACTED]

25X1

[REDACTED] present government thinking is to bring the refugees to Taiwan and then, with the assistance of international relief organizations, to resettle the bulk of the newcomers in Brazil and other Latin American countries. However, it is unlikely that these countries would accept more than a token number of Chinese settlers. [REDACTED]

25X1

25X1

* * *

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SINO-SOVIET TRADE IN 1961**

Recent figures on Sino-Soviet trade for 1961 indicate that the decline has been much sharper than previously believed. According to data published by the Soviet Ministry of Foreign Trade and believed to be official figures--at least preliminary estimates--total Sino-Soviet trade in 1961 amounted to only \$918,000,000--45 percent below 1960 trade and 55 percent below the peak level in 1959.

This decline means that for the first time since 1950, Communist China's trade with bloc countries was less than half of its total trade. Trade with bloc countries other than the USSR was also off sharply in 1961, and the first purchases of sizable quantities of grain from the West resulted in an increase in Chinese trade outside the bloc. On the basis of the new figures, total bloc trade in 1961 amounted to about 45 percent of China's total trade, as against an average of about 65 percent for 1958-60.

According to the Soviet figures, Chinese imports from the USSR amounted to only \$368,000,000, less than in any year since the Peiping regime came to power. This level of imports is only about one third that in 1959, when the "leap forward" was at its height and imports rose to a record level, and is less than the value of just the machinery and equipment imported for Soviet-aid plants in 1959 and 1960.

Sugar, grain, and petroleum products probably account for roughly half of total imports from the USSR in 1961. Petroleum products apparently were delivered in about the same amounts as in 1960. The remaining imports, as in the past, probably comprised metal products such as special steel and copper, machinery and equipment, replacement items, spare parts, and military goods. The total value

--less than \$200,000,000--of these metals and manufactures was so small that practically no Soviet industrial facilities could have been imported, and imports of miscellaneous machinery and equipment must have been insignificant.

The amount of Soviet metal products, spare parts, and replacements received must have been so small that it affected current industrial and military production and maintenance. Some factories requiring Soviet-made components and spare parts are known to have been operating far below capacity in 1961. An official Chinese military document dated August 1961 acknowledged a shortage of repair parts "from abroad." There have also been several statements by regime spokesmen to the effect that spare parts for machines made in bloc countries were unavailable and henceforth had to be produced domestically.

The implied low level of industrial imports from the USSR in 1961 means that the withdrawal of Soviet technicians in 1960, the industrial overhaul required after the Leap Forward, the critical agricultural shortages, and conceivably Soviet refusal to make deliveries have resulted not only in a suspension of industrial expansion but in many cases a cessation of some heavy industrial operations.

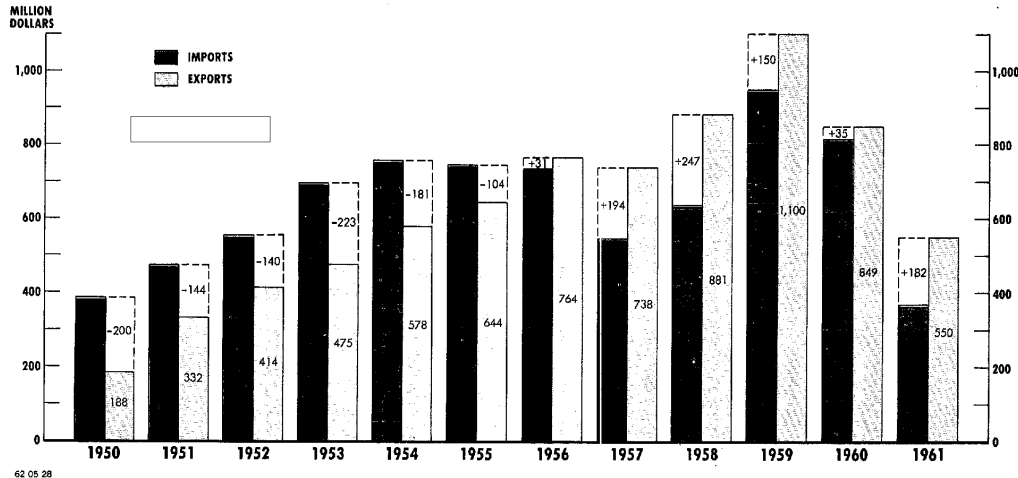
Chinese exports to the Soviet Union were also down sharply --\$550,000,000, compared with \$849,000,000 in 1960 and \$1.1 billion in 1959. This decline reflects the sharp reduction in China's capability to export agricultural products which previously comprised a large part of exports to the USSR. Exports in 1961 were evidently limited mainly to textiles, clothing, miscellaneous manufactures, minerals, and metals.

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

COMMUNIST CHINA'S TRADE BALANCE WITH THE USSR



Even these were shipped in much smaller quantities than in 1959 and 1960. The level of Chinese exports revealed in these latest figures tends strongly to confirm that domestic resources have been stretched to the extreme.

The new figures reveal that despite the reduced export-import totals, Peiping managed to achieve an export surplus of \$182,000,000, as good as or better than the significantly better trading years 1957 and 1959. The bulk of this sum represents the annual payment on China's long-term debt to the USSR which was due in 1961. The fact that Peiping, in light of its pressing need for exports with which to pay for Western grain imports, should have had to maintain such a sizable export surplus with its major trading partner is strong evidence that Moscow has not seen fit to ease China's payment position during its current economic difficulties and thus has contributed measurably to these difficulties.

Details on China's trade with other bloc and nonbloc

countries, together with the Soviet trade figures, show a marked shift in the commodity composition of Chinese imports. Imports of food, mainly grain and sugar, accounted for over one third of total imports in 1961, as against one or two percent in previous years. Imports of industrial and military goods dropped from 55-60 percent of total imports in 1952-60 to about 20-25 percent in 1961. Imports of industrial raw materials--mainly petroleum products, cotton, wool, rubber, fertilizer, and metals--accounted for roughly the same proportion of total imports as previously, although they declined sharply in absolute terms.

This import picture points up the seriousness of China's economic difficulties. Scarce resources have gone to pay for food imports with which to sustain the rapidly growing population, while industrial development, which can create the margin for sustained growth, has been arrested at least for the time being. (Prepared by ORR)

25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

SOVIET-INDIAN MILITARY AID NEGOTIATIONS

The current negotiations between the USSR and India regarding the supply of Soviet MIG-21 jet fighters, and apparently other air defense equipment, underscore Moscow's desire to strengthen its ties with New Delhi through the conclusion of a major military aid agreement. In keeping with its recent practices in other underdeveloped countries--the UAR and Indonesia--Moscow has indicated a willingness to provide India with two squadrons of one of its later model operational fighters--probably equipped with standard air-to-air guided missile armaments.

The financial terms presumably would be similar to those usually given to other underdeveloped countries. In addition to accepting payment in Indian rupees--which would in turn be used to finance Soviet purchases of Indian products--Moscow may grant a discount of about one third the list price of the MIGs and probably would accept repayment over a period of about ten years at a low rate of interest--probably 2 percent.

During the latest talks in Moscow on the proposed purchase, the USSR apparently also offered to assist India with the development of its air defense system, implying a readiness to provide at least early-warning and ground-control intercept radar. In addition, Moscow presumably would be willing to supply radar-controlled antiaircraft weapons--possibly even surface-to-air guided missiles similar to those now being delivered to some other nonbloc countries. This materiel probably also would be provided under the same favorable financial terms.

The USSR, which has in the past offered India military aid in addition to its large-scale economic assistance program, reportedly has also offered to assist India in producing the MIG-21 fighters. Moscow is un-

likely to agree to provide the production facilities necessary to construct the entire aircraft, but may have decided to allow India to establish a plant which could construct MIG-21 air frames from a combination of parts supplied from the Soviet Union and other parts of a less complicated variety fabricated at the plant itself. The engines, weapons systems, and other complex components probably would be shipped from the USSR to India for assembly with the air frame at the Soviet-built plant.

The USSR's apparent willingness to provide India with means of production for the MIG-21 may foreshadow similar Soviet moves aimed at increasing the impact of military aid programs in other more advanced underdeveloped countries. This would entail certain disadvantages on Moscow's part--such as some additional initial expenses, further loss of weapons security, and increased demands on Soviet technical personnel--but these aspects appear counterbalanced by the potential advantages. The provision of such assistance could be viewed by the underdeveloped nations as a clear demonstration of Moscow's claim to supply aid with no strings attached.

It would also tend to tie the recipient country even more closely to the USSR than does the need for spare parts or replacements for the weapons supplied by the bloc. Such aid would, furthermore, tend to slow down indiscriminate requests for additional and more advanced equipment. Moreover, since the USSR would be the source of the most sophisticated components of the aircraft, dependence for spare parts would thus be just as real as if the aircraft itself were purchased by India.

25X1

SECRET

Page Denied

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****GROWING PARLIAMENTARY RESTIVENESS IN FRANCE**

National Assembly opposition to De Gaulle is becoming more evident as the Algerian situation permits the deputies to criticize more freely his encroachments on parliamentary prerogatives. If the government indicates before the current parliamentary session ends in late July that it is preparing another referendum, the deputies will probably call a censure vote on an issue where the government is vulnerable. Defeat on such a vote would almost certainly lead De Gaulle to dissolve the assembly.

Parliament already feels that it must stop the whittling away of its authority by such devices as the referendum, and its restiveness will be encouraged by the government's embarrassment over a number of touchy domestic problems. Labor is becoming more and more demanding. De Gaulle's prestige is being weakened by the spreading impact of the Salan sentence, and the impending "repatriation" of OAS terrorists will probably create a serious security problem which will concentrate public criticism on the government.

European integration is increasingly becoming the issue unifying broad parliamentary opposition to De Gaulle. The cabinet's five Popular Republican (MRP) ministers resigned on this issue on 15 May, and the MRP's current congress will see considerable pressure for closer alignment with the Socialists--who are already in opposition, largely on the European question. Agitation for Independent ministers to withdraw from the

cabinet is ostensibly on this issue, although the "European" dedication of some long-time Independent opponents of De Gaulle is questionable. Dissatisfaction is even prevalent in the Union for the New Republic, some of whose members believe it should make strenuous efforts to become a durable political party and cease being simply a "Gaullist Club."

Although the die-hard rightist move to censure De Gaulle's Algerian policy next week includes a catch-all section on Europe and NATO designed to attract Socialists and the MRP, it is virtually certain to be defeated.

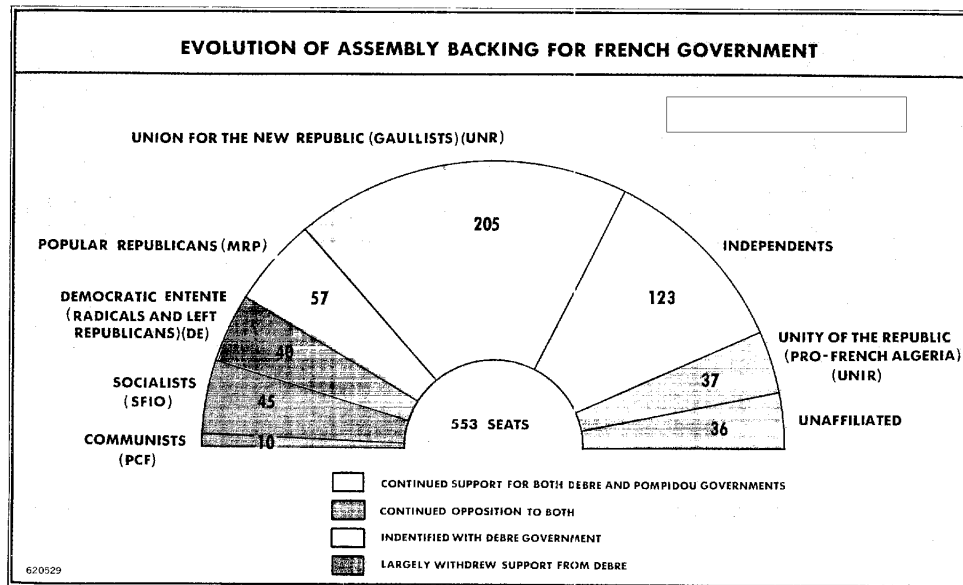
The dilemma posed for moderate opponents of De Gaulle is evident in the decision taken by the assembly Foreign Affairs Committee on 24 May, demanding that the foreign policy debate beginning on 12 June be followed by a vote on which the existence of the government would not be at stake. The Gaullist minority on the committee insist the vote be on a censure motion--which the government also would be likely to win.

This motion is a recognition that De Gaulle retains the initiative. The political parties have no illusions about their chance to wage a successful electoral campaign in the face of an appeal by De Gaulle on a specific issue. While he would prefer not to restrict his own maneuverability by bringing about a new assembly which would be free of the

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY



25X1

threat of dissolution for its first year, he would not hesitate to force new elections if the present assembly censured the government. If he signified his intention to seek

early popular approval of his European policy or constitutional reform, however, the deputies would feel that they had little choice but to force new elections.

25X1

ITALY

Italian Premier Fanfani's left-center government faces two important tests during the next few weeks. It is seeking action on the nationalization of electric power--a measure which the Socialists made a condition of their parliamentary support but which is opposed by the right-wing minority in Fanfani's own Christian Democratic party. Moreover, local elections will be held on 10 June in areas where,

Fanfani fears, right-wing Christian Democrats may "knife" the party ticket to make the left-center government look unpopular.

In his mid-March inaugural address, Fanfani promised to have a nationalization measure under way within three months. A government committee is currently working on a draft, but the Christian Democratic right wing and the parliamentary opposition are working to block

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

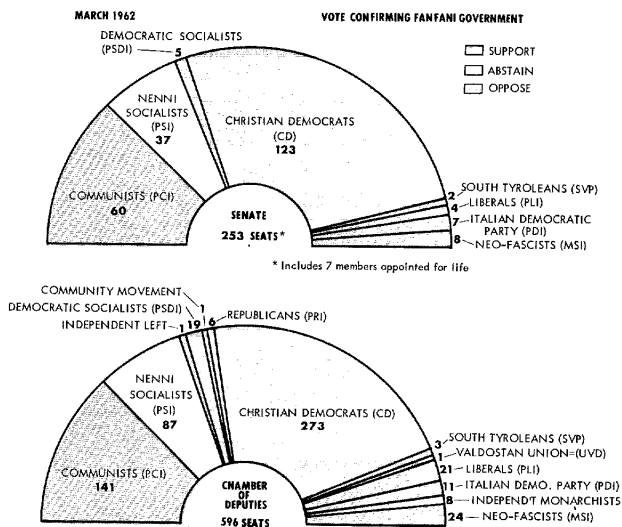
it. One strike against nationalization is the fact that the Christian Democrats' majority left wing, which agrees with the left-of-center parties on most domestic legislation, is only lukewarm on this issue.

The Socialists, Republicans, and Social Democrats--although they have not assumed a rigid position--prefer that nationalization be enacted by decree, which would automatically become law unless vetoed by Parliament within a given period. The Christian Democrats are insisting on the usual method of open parliamentary discussion--which would probably be lengthy--before a vote.

Meanwhile, the Socialists are letting it be known that if by the time of the parliamentary recess in late July or early August there are no signs that a nationalization measure will be enacted, they will reappraise their support of the government.

The June elections--which involve some three million voters--will be held in right-wing Christian Democratic strongholds--including the cities of Rome, Bari, Naples, and Foggia. The right wing has been encouraged by the recent election to the presidency of Antonio Segni, who does not favor the present experiment in center-left government. Right-wing Christian Democrats will be tempted to switch votes to the rightist opposition parties and then charge that Christian Democratic losses constitute a popular repudiation of the present government. An inhibiting factor, however, may be the recent articles published in the semiofficial Vatican daily Osservatore Romano and other key church organs urging Catholics to vote for the Christian Democrats rather than end by "playing the Communist game" and obstructing the party's goals.

ITALIAN PARLIAMENT



25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****UN GENERAL ASSEMBLY RECONVENING**

Belgium and Britain face bitter anticolonial attacks on their handling of two of their African territories when the 16th UN General Assembly resumes on 7 June. Originally scheduled to discuss only Ruanda-Urundi, the resumed session will probably also take up the question of Southern Rhodesia.

Ruanda-Urundi

The five-member UN commission on Ruanda-Urundi sent to the territory by the assembly in February failed in its objective to gain agreement to political union of the two areas after the 1 July independence date, but it did achieve limited success on economic union. The commission, headed by crusading anticolonialist Angie Brooks of Liberia, also took the view that Belgian troops must be withdrawn before independence. The commission maintained this view despite indications that violence would erupt after independence unless an adequate military force remained, and despite U Thant's warning that the UN would be unable to provide troops or money for another Congo-type operation.

During the forthcoming debate, the acting secretary general will attempt to convince key Afro-Asians that the UN is in no position to pick up "Belgium's burden" and may suggest that Belgian troops be retained under some type of "UN umbrella." Although Thant's intervention may influence some Afro-Asians, the strong anti-Belgian bias held by many UN members could prevail and result in assembly endorsement of the commission's views.

Southern Rhodesia

Some members of the Afro-Asian bloc insisted that the resumed assembly session take up the question of Southern

Rhodesia. They believe that the 1961 constitution does not provide sufficient representation for Africans in the parliament and will probably attempt to have the assembly call for revocation of the constitution. Britain, opposing assembly consideration, maintains that London has no power to revoke the constitution and is unable to "interfere" in the scheduled elections in this internally self-governing colony.

Although there is little doubt that the Afro-Asians will be able to muster the two-thirds majority vote required to inscribe the item, it is questionable whether they can get assembly endorsement of their more extreme demands.

Election Campaigning

Campaigning for two of the three forthcoming vacancies in the UN Security Council will probably be intense during the resumed session. Elections to the Security Council in the past few years have been hotly contested, primarily because the new African members are underrepresented in the council. There are five announced Afro-Asian candidates for the Near Eastern seat being vacated by the UAR, raising the possibility that Western Europe may lose its traditionally assigned seat. Norway probably has the best chance of gaining the seat being vacated by Ireland, but Oslo may have to split the two-year term with a member of the Afro-Asian bloc. Trading of votes on the two key issues being discussed at the resumed session may well influence the outcome of next fall's council elections.

25X1

25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

CAMBODIA

In the National Assembly elections on 10 June, Prince Sihanouk's handpicked candidates from his mass political party, the Sangkum, will probably secure more than 99 percent of the total vote. They are nominally opposed by two "independent" candidates in a total of 77 electoral districts. Included on the Sangkum slate are a few leftist-inclined younger persons who were educated in France.

Despite his overwhelming popular support, Sihanouk has taken the opportunity of national elections to crack down on any potential opposition. Recently, 15 members of the Communist Pracheachon party were sentenced to death for an alleged subversion plot. While the Pracheachon organization

has exercised little influence to date, Sihanouk's concern over any activity opposed to his policies is clearly evident.

Sihanouk is satisfied that Cambodia's internal affairs are in order, but he remains worried over developments in Laos and South Vietnam. His harsh criticism of the pro-Western regimes in those countries stems from his belief that their policies are not calculated to win popular support and will end inevitably in a Communist takeover. Sihanouk has stated that partition may be the only solution in Laos and has echoed the suggestion of Hanoi that talks on neutralizing South Vietnam are desirable.

25X1

* * *

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****PROBLEMS OF AN INDEPENDENT ALGERIA**

France now plans to turn over power to an independent Algerian government in a matter of days following the referendum scheduled for 1 July. Conditions prevailing within Algeria, the nature of the government that is likely to accede to power, and the necessity for large amounts of aid from France or elsewhere pose problems that will severely test that government's ability to establish firm political control and to prevent administrative and economic chaos.

Administration

Algeria is a large country, with modern ports, railroads, highways, schools, and most of the other trappings of an advanced society. To govern the country the French have employed a force of professional administrators larger than that of the government of Belgium. The top echelons of this structure have been manned almost exclusively by Frenchmen; even in the lowest grades, Moslems have comprised less than half the total.

In recent years, Paris has made belated attempts to increase the number of Moslems in responsible government posts throughout Algeria. In August 1960 the French eased the academic requirements for entry into the Algerian government service and specified that a certain percentage of vacancies in the four categories of government employment be reserved for Moslems. Nevertheless, many Moslems who qualified were reluctant to risk FLN reprisals by associating themselves with the French administration.

Although French statistics claim that on 1 January 1961 there were 18,000 Moslems among the 67,000 permanent rated government employees in Algeria, the overwhelming proportion of these were serving in clerical or lower capacities, including the rural constabulary. A year

later, less than 6 percent of the highest category of civil administrators were Moslems.

Any "Algerianization" of the administration can be accomplished only at the expense of greatly reduced efficiency. The provisional Algerian government (PAG) is aware of this and has repeatedly indicated that European administrators and technicians will be welcome and needed in the new Algeria. However, the continuance of terrorism by the Secret Army Organization (OAS) and the failure of the European community as a whole to dissociate itself from such activity are rapidly dimming prospects of Moslem-European cooperation.

It now appears likely that many more Europeans will leave Algeria, voluntarily or otherwise, than was envisaged even when the Evian accords were signed. A PAG official in Tunis told the US ambassador on 13 May that it was becoming clear that the Europeans of Algeria included a very large proportion of "unredeemable racists" who had forfeited their right to remain.

In addition to staffing difficulties, the leaders of the new Algeria will be taking over an administration which, because of the paralyzing effects of the struggle against the OAS, has virtually ceased to exist. In early May the US consul general in Algiers reported almost anarchic conditions among the formerly efficient government offices concerned with economics and commerce. Some of the buildings have been bombed, and no one seemed to know or care when they would reopen. Almost all Moslem employees and many Europeans have simply failed to appear for work, and supervisors do not know when or if they will return. A few essential reports are prepared by inexperienced

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

and hastily recruited personnel, but there is no way of getting them printed.

there is also a complete breakdown in the administrative machinery in the countryside.

many French are leaving, many Algerian National Army (ALN) units are moving in, and, since the people do not understand who is in charge during the interim period, orderly administration has almost ceased.

The PAG--most of whose present members will in all probability compose the first Algerian government--has limited means with which to meet these problems. The PAG itself is a relatively small organization, staffed to direct a rebellion rather than run a large country. Some 10,000 Algerians who have been employers of the civil administrations of Tunisia, Morocco, and the UAR will return to Algeria, many of them before independence. A fairly large number of Algerians reportedly organized self-improvement classes while in French prisons, with a view to becoming civil servants in a future Algeria, and ALN units in Tunisia are said to be prepared to assume certain administrative tasks.

Probably only a few Algerians from these sources are competent to fill positions in the upper categories, however, and they will face a difficult period of orientation, possibly without much help from the French they are to replace. Moreover, the Moslem-dominated Provisional Executive at Rocher Noir has reportedly been unable to establish effective control over the administration, and is consequently unable to direct the integration of these new personnel.

Economic Situation

The economic situation is almost as stagnant as the administration. The US consul general described Algiers earlier this spring as a dying city, with commerce at a virtual standstill. Prices of food and daily necessities have risen 25 to 50 percent, docks are piled high with deteriorating cargo, and most of the banks are operating at a sharply reduced level. Much the same situation prevails in Oran, the second largest city. Political uncertainty and terrorism have severely curtailed construction work throughout Algeria.

All during 1961 the specter of an independent, Moslem-dominated Algeria produced a recession among the private European sector of the economy. An estimated \$600 million in private capital fled the country during the year, and the economy escaped complete collapse only by considerably increased government spending. Public funds expended directly or indirectly by the French Army and the civil administration financed an estimated 50 percent of the total final purchases of goods and services, and although French aid for specific projects is to continue after independence, this priming of the economy will decline as French troops and administrators leave.

The net emigration of French Europeans from Algeria in 1961--about 75,000, double that of the previous year--presages a growing shortage of skilled and professional workers. As in the administrative structure, the promotion of Moslems into technical positions in the private sector of the economy has for some years lagged considerably.

The best estimates predict that, following independence,

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

economic activity will drop 30 to 40 percent and that the country's demand for goods and services will sharply decline, causing a drop in industrial activity and a near cessation of new investment in industry. The picture is further darkened by the fact that unemployment is already at nearly 40 percent. Moreover, remittances from Algerian workers in France, which are estimated to provide support for 2,000,000 Moslems in Algeria, will probably be curtailed as these workers return to their own country, especially should relations with France become strained.

Efforts of the PAG in Tunis to formulate workable economic programs have been severely handicapped by its isolation from the Algerian scene, lack of competent practical economists, and its commitment to give the Algerian revolution a speedy and meaningful content for "those who bore the burden of combat." Furthermore, the PAG's preoccupation with the protracted negotiations with the French, and its current internal struggles, has left little time for economic planning.

Possible Economic Changes

The leaders of an independent Algeria will be compelled to effect an ambitious land-reform program, despite the enormous practical problems involved. The ALN is largely a peasant army, and its veterans will be a potent political force in the new Algeria. Many PAG ministers, especially vice premier Belkacem Krim, have made it amply apparent that these veterans must be rewarded for their services.

Indications are that at least 3,000,000 acres of land will be redistributed, with a fixed upper limit on acreage owned, whether by Europeans or Algerians. There will also be an attempt to bring about maximum employment of Algerians on all farms, and an effort will be

made to induce mechanized farms to convert part of their land to activities requiring a higher input of labor. During at least the initial phases of this program, productivity will almost certainly decline, while the planned shift from grapes to other crops will have an adverse effect, since wine--mostly exported to France--now accounts for one third of the value of Algeria's agricultural products.

The most articulate segment of the Moslem population, however, resides in the urban areas, and the new government will probably have to take some action in the industrial and commercial sector. Efforts will probably be made to reorient industry so as to reduce Algerian dependence on foreign sources by reducing the number of plants which produce exclusively for export.

A major obstacle to speedy and effective government action in this sector is the fact that Europeans own or control 80 percent of Algeria's industry and probably 50 percent of its major commercial firms. Pressures to diminish European control may prove irresistible, in spite of the "guarantees" of the Evian accords or the risk of having French aid cut off or reduced. The PAG apparently interprets these guarantees as opportunities for the Europeans to contribute to a Moslem Algeria, rather than as a commitment to preserve the status quo.

Faced with these problems, the Algerian government--particularly if it is committed to cooperation with France--will soon be under great pressure from a populace disillusioned with the fruits of independence and open to political exploitation by more radical leaders. One economic planner in Tunis remarked last fall that the PAG's chief task is to be able to cope with the

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

arguments, methods, and promises which it expects Algerian Communist leaders to use when they return to Algeria after independence.

The Political Program

Since the most pressing problem of the new leaders, who have been in exile for years, will be to consolidate their control over their own country, the immediate postindependence period will probably be filled with speeches and declarations of nationalist sentiments. Soon, however, elucidation and debate over the orientation of the government are likely to take first place.

The PAG leaders reportedly now envisage establishing a nationalist Algerian form of socialism, stressing a policy of nonalignment in foreign affairs. They emphasize such words as "secular," "socialistic," and "democratic," while insisting that no foreign system will be imitated. On the whole, their statements have shown a surprising lack of animosity toward the French and an apparently sincere desire to accept French assistance. Several factors, however, may limit the new government's ability to continue along these lines.

The vagueness of the program will in itself pose serious problems. There are already indications that most of the key terms are not understood in the same sense by all of the PAG, let alone by all nationalists within Algeria.

There are strongly divisive basic influences within the Algerian population itself. French Government references to "the populations" of Algeria have reportedly annoyed the PAG, probably because of the unpleasant truth therein. During the rebellion, ethnic, religious, and regional differences were suppressed--often summarily--but these can be expected to re-

assert themselves soon after independence. The Kabylies of north-central Algeria, the nomads of the Sahara, the urbanized Moslems of Algiers and Oran, and the wretchedly poor peasants of eastern Algeria, plus the remaining Europeans and some 200,000 Jews, will all press for particular benefits and programs. There are already reports that the Kabylies may agitate for some sort of separate, semiautonomous state.

These problems will have to be met by a government within which a struggle for power will probably be taking place. Even if, as seems likely, the present PAG is transformed into an Algerian government, it probably will not remain as such for long. The system of collegial leadership it has employed has been cumbersome and ineffective. The appointment of Ben Khedda as PAG premier was probably designed to postpone the question of individual leadership until after independence. Most observers do not feel that he will be a dominant figure then. Ben Bella is considered by many sources to be the strongest of the Algerian leaders and the one in the best position to become the eventual strong man. The possibility remains, however, that the entire relatively moderate PAG leadership could be overthrown by urban extremists embittered over the OAS terrorism now taking place in Algiers and Oran.

In any case, the Algerian government will probably feel itself compelled to demonstrate that it is not under French domination, and to make good its protestations of nonalignment by accepting bloc economic aid and diplomatic relations with Communist countries. This will pose delicate problems in its relations with France, and failure to resist the almost inevitable temptation to cover its own shortcomings by blaming France could result in reduction or even cancellation of French aid. Then the government of an independent Algeria would have to seek massive assistance from other sources.

25X1

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PEASANT LEAGUES IN NORTHEASTERN BRAZIL**

Peasant leagues, founded in the mid-1950s by Communist and Socialist leaders to agitate for rural reforms, exist in many parts of Brazil's impoverished northeast. Tensions in this area have been heightened by rapid rises in prices of several basic foods over the past few months--rises which have been accentuated by hoarding on the part of the more prosperous. Drought in some areas of the interior has caused thousands of agricultural workers and their families to abandon their farms and seek work and food in the towns. Hunger riots have broken out, and there has been some looting of food stores.

The Northeast

Northeastern Brazil, an area of 970,000 square miles with a population of 22,000,000, is rivaled in Latin America as a depressed area only by Bolivia and Haiti. Per capita income is estimated at less than \$100 annually, one third of the average for Brazil as a whole. In Piaui, the most depressed state, annual income is only 30 dollars per capita--less than that of Communist China.

In a narrow humid belt along the coast, land is devoted to sugar cane production but with considerably less efficiency than in other commercial sugar raising areas in Brazil or elsewhere. Cane planting, with low labor productivity, pays minimal wages. Urban growth and population increases, together with little industrial expansion and a scarcity of food cultivation, have led to extremely high food prices in relation to wages.

Most of the interior is an area of periodic drought. This is the area which authorities have long had difficulty in controlling and which is the setting of Brazil's best-known literary work, Rebellion in the Backlands--the factual account of a fanatic who led

a rebellion for many years in the latter part of the 19th century.

Although normal annual rainfall in the interior is about 25 inches, it occurs in cloudbursts which limit its utility. For many years the economy consisted mainly of cattle-raising on a subsistence level. This is still one of the two most important sources of livelihood in the area, and a hardy variety of cattle has been developed which can feed on nothing but cactus. There has been a gradual shift, however, toward raising cattle for export to the coastal cities, and with it has come a gradual concentration in landownership.

Cotton has been introduced as a leading cash crop and is the region's most drought-resistant money crop. Cotton, however, requires considerably more labor than the previous all-cattle economy and consequently a much higher degree of food cultivation. This has increased the area's vulnerability to severe drought. When drought in 1958 caused a loss of up to half the interior's food supplies, thousands of rural workers flooded the coastal zones and depressed the living standards of the resident poor--who were already close to the subsistence level.

The Peasant Leagues

The economic dislocations of the 1958 drought provided a new impetus for improving conditions in the area, and the peasant leagues have gained strength. In the state of Paraiba they constitute a militant popular organization. Elsewhere, however, the leagues are as yet badly coordinated and some are inactive. Most are in the sugar zone, while a smaller number have been founded in the area of periodic drought. Membership ranges widely from 75 to 5,000 per league, and members are usually assessed 5-10 cents monthly for dues.

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

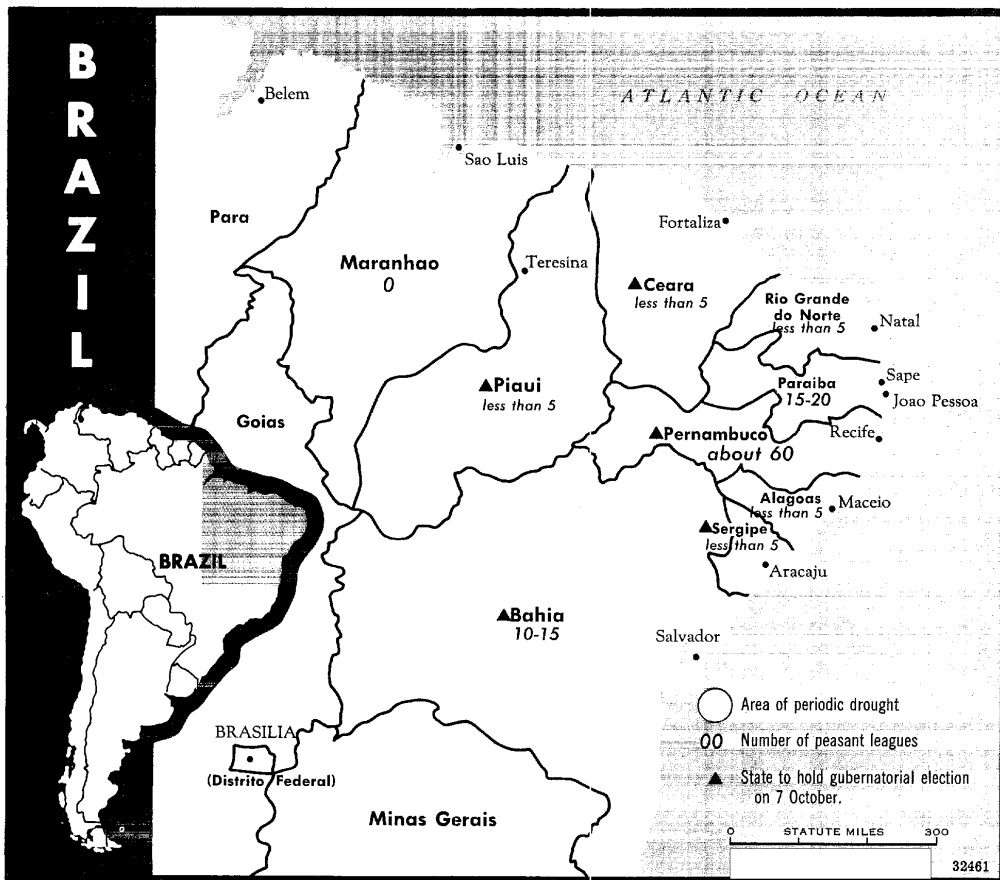
The leagues have emphasized legal aid for rural workers, tenants, and small landholders, and many of the part-time organizers are said to be lawyers who are engaging in league activity with an eye to a political future. Legal advice for small landholders has particular importance in Brazil, since only an estimated one percent of land titles are clearly valid. Squatters, who can acquire legal title to a plot of land after some years of living and raising crops on it, also require legal help.

A Brazilian magazine of national circulation highlighted the importance of legal services for the rural poor in an account several months ago of a tenant farmer's problems with his landlord. The tenant objected to a summary doubling of his rent.

The landlord's 20-year-old son and his friends thereupon visited the tenant, playing a hunting "game" with the tenant's small son which ended in shooting him to death. Legal services available in the area resulted in liberty for the landlord's son and prison, beatings, and suicide for the tenant.

Leagues in Paraiba

The largest number of peasant leagues is in the state of Pernambuco, but those showing most activity in the past ten months are in the state of Paraiba. These leagues have achieved widespread support--including that of the conservative Social Democratic party--and at least the benevolent neutrality of the governor, but they are opposed by large landholders and army elements.



25X1

SECRET

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

The subversive potential of the Paraiba leagues was indicated in August 1961 when an army search of a farm near Sape uncovered Communist party propaganda as well as literature on agrarian reform and a number of .45-caliber pistols with ammunition. The farm belonged to a peasant league leader, and the army's discovery appears to have heightened tensions in the area. In late 1961 the president of the peasant league of Sape was seriously wounded, and on 2 April the acting president was killed by unidentified gunmen. Preliminary investigation indicates that the gunmen were hired by members of the "Syndicate of Death," an organization of landlords.

In early April army units were reported posted on all roads leading from the interior of the states of Paraiba, Pernambuco, Rio Grande do Norte, Sergipe, and Piaui. The army announced officially that the roadblocks were for the purpose of controlling smuggling, but the army maneuver was evidently designed to find arms caches in peasant hands and to prevent a scheduled mass demonstration by rural workers aroused over the 2 April killing. Peasant league leaders in Paraiba's capital city were placed under house arrest, and one was apparently secretly deported to a neighboring state.

The two-sided nature of possible violence was indicated earlier this year when the manager of a large ranch in Paraiba and one of his assistants were killed with knives and hoes. The Paraiba governor appears to be sympathetic to the rural workers, however, and in early May sent a protest to President Goulart against prolonged occupation of his state by the army, "which continues to occupy the streets and fields as if the solution of the crisis depended on the speed of their triggers."

The popularity of the Sape league may derive from the numerous welfare services which it has provided for its members. At least prior to the assassination of its leader in April, it operated a primary school for children of members and offered medical and dental care as well as legal assistance to members and their families. In addition to paying the fees of one lawyer, one physician, and two dentists on a full-time basis, the Sape league used the services of 18 physicians and several lawyers on a part-time basis.

The program of the Sape league specially urges the lowering of land rental and costs and the alleviation of the requirement made on the peasants to work two or three days a week for the landowner for about 12 cents a day. The Sape league, which covers an area of sisal, sugar, pineapple, and cotton holdings, collected the equivalent of \$160 to \$240 a month from its members during the winter and from \$320 to \$400 a month during the months which yielded good crops. Its membership is reportedly 5,000.

Francisco Juliao

Pro-Communist Francisco Juliao--a state deputy in Pernambuco State, which has long been the cultural and economic center of the northeast--is the most widely known league leader. He reportedly achieved his reputation by volunteering as a lawyer to defend the legality of the leagues in 1957 when other lawyers refused to take the case. To protect his personal safety in an area where landowners traditionally have personally loyal gunmen, he is reported to have made a list of 20 prominent landholders and told his followers, "If anything should happen to me, I want to meet them all in hell."

Juliao has not admitted membership in the Brazilian

SECRET

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****JULIAO**

Communist party, but he has repeatedly avowed his admiration for Fidel Castro and Mao Tse-tung. Juliaio visited Peiping in 1961 and has visited Cuba three times in the past year. His wife and two daughters visited China earlier this year, and his daughters now have enrolled in school in Moscow. He has been criticized by Brazilian Communists for advocating violence when the party's policy is to seek control through peaceful means. The Communists have nevertheless tended to cooperate with him. One of the delegates to the international Communist Agricultural Workers' Conference in Bulgaria in April was a peasant league leader; the other was a member of the Rural Commission of the orthodox or pro-Moscow Brazilian Communist party.

The dissident or pro-Peiping Communist party of Brazil, which advocates violence and a revolutionary line, is evidently also interested in the peasant leagues and seeking to increase its influence within them. Juliaio and dissident Communist leaders have apparently agreed to join forces to advocate revolutionary activity, and the two key dissident leaders reportedly went to Cuba early in May at

Juliaio's instigation to receive instruction in revolutionary techniques.

Juliaio's leadership is denied by some important league leaders. Assis Lemos, president of the Peasant League Federation of Paraiba, recently stated that Juliaio has no influence in the Paraiba leagues and no following among the members there. He said that his federation is independent and receives no support or counsel from Juliaio or anybody else.

The October Elections

The increasing problem presented by peasant unrest, whether mobilized by peasant leagues or other organizations, is likely to play a significant role next October in congressional and municipal elections throughout the area and in simultaneous gubernatorial elections scheduled in five northeastern states. Illiteracy will limit the direct voting strength of league members. One leader estimates, for example, that only 20 percent of league members in his state are sufficiently literate to qualify for voting.

Nevertheless, rural reform is likely to be a campaign issue. Three gubernatorial elections in 1960 resulted in active reform programs and relative peace in two states--Rio Grande do Norte and Alagoas--while the indecisiveness of Governor Gondim in Paraiba has probably contributed to the repeated threats of widespread violence there. Moreover, Francisco Juliaio probably has sufficient strength in his home state of Pernambuco to achieve election as federal deputy and thus gain a national forum for agitation for the peasant leagues.

25X1

SECRET

Page Denied

Next 7 Page(s) In Document Denied